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CHINA AIRCRAFT LEASING GROUP HOLDINGS LIMITED

中國飛機租賃集團控股有限公司

(Incorporated under the laws of the Cayman Islands with limited liability)

(Stock code: 1848)

**VOLUNTARY ANNOUNCEMENT
ESTABLISHMENT OF MRO JOINT VENTURE
IN RELATION TO AIRCRAFT MAINTENANCE AND ENGINEERING
IN HARBIN, CHINA**

The Board is pleased to announce that, on 28 September 2018, the Group together with Aircraft Recycling International Limited and FL Technics entered into the Agreement to establish an aircraft maintenance and engineering joint venture in Harbin, China, which provides MRO services for aircraft targeting Asia and Europe regions.

This announcement is made by China Aircraft Leasing Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis.

ESTABLISHMENT OF THE MRO JOINT VENTURE

The board of directors (the “**Board**”) of the Company is pleased to announce that, on 28 September 2018, the Group together with its mid- to- end-of-life aircraft solutions arm - Aircraft Recycling International Limited (“**ARI**”) (through its wholly-owned subsidiary) and FL Technics (“**FLT**”), one of the leading maintenance, repair and overhaul (MRO) service providers in Europe, entered into an agreement (the “**Agreement**”) to establish a joint venture based in Harbin, China, tentatively named as FL ARI Aircraft Maintenance & Engineering Company, Ltd. (the “**MRO Joint Venture**”), which provides MRO services for aircraft targeting Asia and Europe regions.

The MRO Joint Venture will be held by ARI, FLT and the Group at a ratio of 49%, 40% and 11% respectively. Pursuant to an agreement, the total investment of the MRO Joint Venture shall be US\$23 million. The MRO Joint Venture will focus on aircraft base maintenance, scheduled checks and overhaul, aircraft disassembly, engineering services, technical training and consultation. In addition, the MRO Joint Venture will provide MRO and supply services to various aircraft components, including engine, Auxiliary Power Unit (APU) and Landing Gear (LG). ARI, in future, will focus on aircraft parts and components supply, mid- to- end-of-life aircraft trading, logistics and supply chain management. FLT is committed to fully support the operation of the MRO Joint Venture with its proven team, technical capabilities and management system. Meanwhile, the Group will make full use of its abundant aviation resources and extensive client networks to facilitate the MRO Joint Venture’s entry into its target markets in China and nearby regions.

REASONS FOR AND BENEFITS OF THE ESTABLISHMENT OF THE MRO JOINT VENTURE

Establishment of the MRO Joint Venture will extend ARI's business scope to comprehensive MRO services, a strong complement to its current aircraft disassembly and part-out service, and further enrich ARI's offerings along the aviation value chain. This will also strengthen the Group's business strategy in providing solutions that cover aircraft's full life-cycle.

INFORMATION ABOUT THE PARTIES

The Group is principally engaged in global aircraft leasing business with a fleet of 108 owned and 13 managed aircraft respectively as at the date of this announcement.

With over 20 years of operations, FLT has developed into one of the leading MRO service providers in Europe. FLT is a member of Avia Solutions Group, an aviation conglomerate with businesses in aircraft MRO, ground handling and fueling, aviation training, airport management, aviation IT solutions and hotel management. To their best knowledge, information and belief, and having made all reasonable enquiries, the directors of the Company are of the opinion that FLT and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

ARI is a commonly held entity (has the meaning ascribed to it in Rule 14A.27 of the Listing Rules) of the Company. As Asia's first one-stop solutions provider for mid-to-end-of-life aircraft, ARI has built up diversified and flexible aircraft solutions and close partnership with global airlines customers throughout the world.

IMPLICATIONS OF THE LISTING RULES

As all the applicable percentage ratios under Rule 14.07 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**") in respect of the establishment of the MRO Joint Venture are below 5%, the establishment of the MRO Joint Venture does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules and this announcement is made by the Company on a voluntary basis for the information of the shareholders and potential investors of the Company.

By order of the Board
China Aircraft Leasing Group Holdings Limited
POON Ho Man
Executive Director and Chief Executive Officer

Hong Kong, 8 October 2018

As at the date of this announcement, (i) the Executive Directors are Mr. CHEN Shuang, JP, Mr. POON Ho Man and Ms. LIU Wanting; (ii) the Non-executive Director is Mr. TANG Chi Chun; and (iii) the Independent Non-executive Directors are Mr. FAN Yan Hok, Philip, Mr. NIEN Van Jin, Robert, Mr. CHEOK Albert Saychuan and Mr. CHOW Kwong Fai, Edward, JP.